

## SECTION 3 APPRAISAL TABLE OF CONTENTS

### 3.1 Legal References

### 3.2 Electronic Appraisal Procedures

LTM or Turn Key Projects

Fee Appraisers in Personal Services Contracts

Staff Appraisers

### 3.3 Appraisal Handbook

§503. Overview of the Purpose of the Appraisal

§505. Conduct of Appraiser

§507. Qualifications of Fee Appraisers

§509. Application for Approval as Fee Appraiser

§511. Agreement for Appraisal Services

§513. Contract for Appraisal Services

§515. Contract Extensions

§517. Items Excluded from Appraisals

§519. Appraisal Formats

§521. Interest Being Appraised

§533. Role of the Cost Consultant

§537. Property Inspection with the Owner(s)

§539. Completeness of Appraisal and Appraisal Reports

§541. Establishment and Payment of Fees

§543. Update of Appraisals

§545. Contract for Appraisal Services

§547. Form A

§549. Form B

- [§551.](#)    **Form C**
- [§555.](#)    **Court Testimony**
- [§557.](#)    **Right-of-Way Cost Estimates**
- [§569.](#)    **Control of Access**
- [§571.](#)    **Owner's Refusal to Permit Entry**
- [§573.](#)    **Lease Interests**
- [§575.](#)    **Fencing Value**
- [§577.](#)    **Servitude**
- [§579.](#)    **Railroad Parcel Acquisition**

All appraisals shall be performed in accordance with the procedures outlined in the Louisiana Register promulgated May 20, 1999 and revised August 20, 2003, as follows:

## **Louisiana Register**

M.J. "Mike" Foster, Jr., Governor

Mark C. Drennen  
Commissioner of Administration

## **Register Staff**

Eileen Menard, Director  
Vickie Moreau, Louisiana Administrative Code Editor  
Kathy Bates, Administrative Assistant  
Beryl Templet, Office Coordinator  
Catherine Friloux, Office Coordinator

## **Effective Date**

Unless otherwise specified, the effective date of rules promulgated in this issue of the *Louisiana Register* is August 20, 2003.

Production of material appearing in the *Louisiana Register* is not restricted, provided such reproduction is for private use and not for resale.

*The Louisiana Register* provides a uniform system for making available to the public the certified regulations and legal notices issued by the executive branch of the state government. These include executive orders issued by the governor, agency rules and regulations having general applicability and legal effect, documents required to be published by Act of the Legislature, and other state agency documents of public interest. The deadline for submitting copy for publication in the *Register* is noon on the tenth of each month or on the preceding working day if the tenth falls on a weekend or a holiday.

*The Louisiana Register* (USPS 075450) will be furnished to subscribers by mail, free of postage, for \$65 per year, or \$10 per single issue (plus sales tax for Louisiana residents), payable in advance. Checks or money orders should be made payable to the Office of the State Register, Box 94095, Baton Rouge, LA 70804-9095.

Published monthly by the Office of the State Register, Box 94095, Baton Rouge, LA 70804-9095, telephone (504) 3425015, pursuant to the Louisiana Administrative Procedure Act (R.S. 49:950 et seq.). Distribution is made solely by the Office of the State Register, located at 1051 North Third Street. Second Class postage paid at Baton Rouge, LA 70804. POSTMASTER, send form 3579 to the *Louisiana Register*, Box 94095, Baton Rouge, LA 70804-9095.

## SECTION 3.2 ELECTRONIC APPRAISAL PROCEDURES

All appraisals and appraisal review sheets are to be submitted electronically by appraisers. Appraisers or reviewers will convert documents to .pdf format to insure security of the documents then e-mail them to Real Estate's electronic appraisal e-mail address, **appraisals@dotd.state.la.us**. The files will be downloaded daily to the Real Estate Server into a designated folder, where they will be accessible to the review appraiser.

The procedures for processing electronic appraisals shall be as follows:

### A. On LTM or Total Engineering (Turn Key) Projects:

1. LTM or the Lead Consultant will e-mail the appraisals and associated review sheets to the Department's electronic appraisal e-mail address. Documents mailed to the site shall conform to the following naming convention:

Project Number + Appraiser's Last Name + Type of Document  
(Appraisal or Review) + Parcel Number + (if revised)  
Version (number)

EXAMPLES      001-19-0020 Johnson Appraisal 01-02  
                    424-20-0005 Smith Review 05-01 05-01-C-1  
                    019-60-0069 Jones Appraisal 06-01 Version 1

2. LTM or the Lead Consultant will send a separate e-mail to the Real Estate Consultant Manager with a copy to the assigned RE Appraisal Manager and HQ Agent stating that appraisals and review sheets have been e-mailed to the Department's electronic appraisal e-mail address. The documents will be referenced by their names. The electronic documents will not be e-mailed to any address other than **appraisals@dotd.state.la.us**.
3. The RE Headquarters Agent will log the date of the e-mail into AARS for each parcel.

4. The Appraisal Manager will assign a RE Review Appraiser and will notify him/her by e-mail. The Review Appraiser will examine the electronic appraisal and review sheet on the server.
5. If the Appraisal package is in order:
  - a. The RE Review Appraiser will move the appraisals and review sheets to the folder named REVIEWED APPRAISALS. In AARS, the Reviewer will place a check mark in the examined field, showing that the appraisal(s) and review sheet(s) meet Department standards.
  - b. The Reviewer will send an e-mail to the RE Appraisal Manager and RE Consultant Manager stating that the package has been examined and found to be in order.
  - c. The RE Consultant Manager will notify LTM or the Lead Consultant with a copy to the RE Headquarters Agent, by e-mail, followed by hard copy, signed by the Real Estate Administrator, that the appraisal review is accepted.
  - d. The Headquarters Agent will enter the date the estimate of compensation is acceptable into AARS.
  - e. The Headquarters Agent will import the associated documents from the REVIEWED APPRAISALS folder into Content Manager and then index them. Only final documents are to be placed in Content Manager.
6. Appraisal packages need correction:
  - a. If there are problems with any of the documents, the RE Review Appraiser will leave them in the original folder and send an e-mail to the RE Appraisal Manager and the RE Consultant Manager describing the corrective action LTM or the Lead Consultant needs to take.
  - b. The RE Consultant Manager will advise LTM or the Lead Consultant of the action needed by e-mail.

- c. Corrected packages will be renamed by adding Rev. 1 (2,3, etc. as appropriate) mailed to [appraisals@dotd.state.la.us](mailto:appraisals@dotd.state.la.us) and the process will continue as described in Step 1.

## B. Electronic Appraisals by Fee Appraisers

1. The fee appraiser will convert the appraisals to .pdf format and e-mail it to the Department's electronic appraisal e-mail address. The documents will be referenced by their names. Documents mailed to the site shall conform to the following naming convention:

Project Number + Appraiser's Last Name + Type of Document  
(Appraisal or Review) + Parcel Number + (if revised)  
Version (number)

EXAMPLES      001-19-0020 Johnson Appraisal 01-02  
                    424-20-0005 Smith Review 05-01 05-01-C-1  
                    019-60-0069 Jones Appraisal 06-01 Version 1

2. The fee appraiser will send a separate e-mail to the assigned RE Review Appraiser stating that appraisals and review sheets have been e-mailed to the Department's electronic appraisal e-mail address. The documents will be referenced by their names. The electronic documents themselves will not be e-mailed to any address other than [appraisals@dotd.state.la.us](mailto:appraisals@dotd.state.la.us)
3. The Review Appraiser will log the date each appraisal is received into AARS.
4. If the Appraisal package is in order:
  - a. The Review Appraiser will examine the electronic appraisal and prepare a review sheet. The review sheet shall be named as described above except that the word Appraisal will be changed to Review. The review appraiser will save the review sheet to the folder named REVIEWED APPRAISALS on the server.

- b. The RE Review Appraiser will move the appraisals into the folder named REVIEWED APPRAISALS. In AARS, the Reviewer will enter the amount of the offer of compensation for each parcel.
- c. The Review Appraiser will send an e-mail to the RE Appraisal Manager and the RE Title and Acquisitions Manager or RE Consultant Manager, if acquisition will be handled by consultants under individual services contract, advising that the electronic appraisals are complete, with a copy to the RE Headquarters Agent.
- d. The Headquarters Agent will import the associated documents from the REVIEWED APPRAISALS folder into Content Manager and then index them. Only final documents are to be placed in Content Manager.

5. Appraisal packages need correction:

- a. If there are problems with any of the documents, the RE Review Appraiser will leave them in the original folder and send an e-mail to the fee appraiser and the Appraisal Manager describing the corrective action needed.
- b. The fee appraiser will make the requested corrections. Corrected packages will be renamed by adding Version 1 (2,3, etc. as appropriate) and mailed to [appraisals@dotd.state.la.us](mailto:appraisals@dotd.state.la.us) and the process will continue as described in Step 1.

C. Electronic Appraisals done by Real Estate Staff

- 1. In house electronic appraisals will be converted to .pdf files and named by the following naming convention:

Project Number + Appraiser's Last Name + Type of Document  
(Appraisal or Review) + Parcel Number + (if revised)  
Version (number)

EXAMPLES      001-19-0020 Johnson Appraisal 01-02



424-20-0005 Smith Review 05-01 05-01-C-1  
19-60-0069 Jones Appraisal 06-01 Version 1

2. The Staff Appraiser will upload completed appraisals to the designated folder on the server and then send the Review Appraiser a separate e-mail, with copy to the RE Appraisal Manager and Gang Secretary, advising that the appraisal is ready.
3. The Review Appraiser will log the date each appraisal is received into AARS.
4. If the Appraisal package is in order
  - a. Review Appraiser will examine the electronic appraisal and prepare a review sheet. The review sheet shall be named as described above except that the word Review will be substituted for Appraisal. The Review Appraiser will save the review sheet to the folder named REVIEWED APPRAISALS on the server.
  - b. The RE Review Appraiser will move the appraisals into the folder named REVIEWED APPRAISALS. In AARS, the Reviewer will enter the amount of the offer of compensation for each parcel.
  - c. The Review Appraiser will send an e-mail to the RE Appraisal Manager and the RE Title and Acquisitions Manager or RE Consultant Manager, if acquisition will be handled by consultants under individual services contract, advising that the electronic appraisals are complete, with a copy to the RE Headquarters Agent.
  - d. The Headquarters Agent will import the associated documents from the REVIEWED APPRAISALS folder into Content Manager and then index them. Only final documents are to be placed in Content Manager.
5. Appraisal packages need correction:

- a. If there are problems with any of the documents, the RE Review Appraiser will leave them in the original folder and send an e-mail to the Staff Appraiser and the Appraisal Manager describing the corrective action needed.
- b. The Staff Appraiser will make the requested corrections. Corrected packages will be renamed by adding Version 1 (2,3, etc. as appropriate) and mailed to [appraisals@dotd.state.la.us](mailto:appraisals@dotd.state.la.us) and the process will continue as described in Step 1.

## RULE

Department of Transportation and Development  
Office of Real Estate

Appraisal Handbook for Fee Appraisers  
(LAC 70:XVII.Chapter 5)

In accordance with -the applicable provisions of the Administrative Procedure Act, R.S. 49:950 et seq., the Department of Transportation and Development hereby promulgates a rule entitled "Appraisal Handbook for Fee Appraisers," in accordance with R.S. 48:443. amended LR:29

Title 70

### **TRANSPORTATION**

#### **Part XVII. Real Estate**

#### **Chapter 5. Appraisal Handbook for Fee Appraisers**

##### **§503. Overview of the Purpose of the Appraisal**

- A. The laws of Louisiana provide that just compensation must be paid for the value of real property or rights taken. The value of the real property or rights taken must be based on the premise of the "highest and best use" or the most profitable, legal and likely use for which a parcel of property may be utilized. The determination of such use may be based on the highest and most profitable continuous use for which the property is adapted, or likely to be used, for a reasonable future time. However, elements affecting value which depend upon events or a combination of events which, while possible, are not reasonably probable, should be excluded from consideration. Also, if the intended use is dependent upon an uncertain act of another person, the intention cannot be considered.
- B. The appraiser should perform an analysis of the market demand giving consideration to the highest and best use. Where a property is

composed of more than a single highest and best use, the appraiser must type, value and support each portion separately. Where different uses and values of property are being acquired, each use and corresponding value must be stated separately, thereby complying with state laws and compensating for the full value of the partial acquisitions. Based on the highest and best use, the appraiser must set forth a reasonable and factual explanation indicating his/her support, reasoning and documented conclusions.

- C. Compensation shall be based upon the provisions of Article I, section 4 of the Louisiana Constitution of 1974 and the provisions of R.S. 48:411 et seq.
- D. All market data, comparable sales, forms, and documentation which are referred to within the report and are pertinent to the fair market value of the property being appraised shall be collected and shall cite the project and ownership for which the appraisals are being written. Simply referring to data used for other projects or appraisals is not acceptable.
- E. All recognized appraisal procedures and approaches to value: i.e., the "cost approach", the "market approach" and the "income approach", that apply to the property under appraisement, are to be considered by the appraiser and utilized if found to be applicable. If an approach is found not applicable to the property being appraised, there shall be included a concise and detailed reasoning as to its shortcomings. The appraiser shall explain the reason(s) why, in the correlation of value, one or more approaches are more applicable to his/her estimate of market value, and/or why the other approach or approaches are less applicable to the property being appraised.

AUTHORITY NOTE: Promulgated in accordance with R.S. 48:443.

HISTORICAL NOTE: Promulgated by the Department of Transportation and Development, Office of Real Estate, LR 25:882 (May 1999) amended LR:29

**§505. Conduct of Appraiser**

- A. Each appraiser is a representative of the Louisiana Department. It is important that he/she be courteous and considerate in dealing with the property owners or their representatives. This is particularly important since the appraiser may be the first Louisiana Department of Transportation and Development representative to make contact with the owners.
- B. The appraiser shall include documentation to indicate the date and extent of his contact with the property owners. Should the appraiser fail to contact the owners, he/she shall document the efforts to locate the owners. It is recommended that contact be made initially by certified letter as a method of documentation.

AUTHORITY NOTE: Promulgated in accordance with R.S. 48:443.

HISTORICAL NOTE: Promulgated by the Department of Transportation and Development, Office of Real Estate, LR 25:883 (May 1999).

**§507. Qualifications of Fee Appraisers**

Upon the appraiser's initial request for a Fee Appraiser Application Packet, the Appraisal Division Chief will notify the appraiser of the receipt of the request and provide the necessary forms to be completed. Those forms will include a letter stating the minimum requirements to be considered for employment by the Louisiana Department of Transportation and Development Appraisal Division. If the appraiser

meets the qualification requirements of the Louisiana Department of Transportation and Development and is approved for employment, he/she will be included on the Approved Panel of Fee Appraisers. It is a minimum requirement for acceptance of Fee Appraisers on the Louisiana Department's Approved Panel of Fee Appraisers that the appraiser be a Licensed Appraiser pursuant to the Louisiana Certified Real Estate Appraiser Law.

AUTHORITY NOTE: Promulgated in accordance with R.S. 48:443.

HISTORICAL NOTE: Promulgated by the Department of Transportation and Development, Office of Real Estate, LR 25:883 (May 1999).

#### **§509. Application for Approval as Fee Appraiser**

Application must be submitted to the DOTD Real Estate Appraisal Division Chief prior to inclusion of said appraiser on the Louisiana Department of Transportation and Development Approved Panel of Fee Appraisers. The form includes several general questions concerning the appraiser's personal and appraisal background in order to gain insight into the appraiser's experience, qualifications and training. Upon completion of the application and acceptance by the Appraisal Division, the Appraisal Division Chief will recommend to the Director of Real Estate that the appraiser be placed on the Approved Panel of Fee Appraisers. Upon approval, the Appraisal Division Chief will notify the appraiser of his/her approval and request that the appraiser read and sign one of two copies of the Agreement for Appraisal Services and return a single copy to the Appraisal Division for processing.

AUTHORITY NOTE: Promulgated in accordance with R.S. 48:443.

HISTORICAL NOTE: Promulgated by the Department of Transportation and Development, Office of Real Estate, LR 25:883 (May 999).

**§511. Agreement for Appraisal Services**

The Agreement for Appraisal Services is a document that every Fee Appraiser employed by the Louisiana Department of Transportation and Development is required to sign. The agreement sets out the parameters within which the Department of Transportation and Development and the appraiser will cooperate, as well as sets forth the details and requirements that must be met within the appraisal report. The appraiser should be very familiar with all of the requirements contained within this agreement. The signed form, after its execution, will be placed in the appraiser's file and need not be re-signed with each contract.

AUTHORITY NOTE: Promulgated in accordance with R.S. 48:443.

HISTORICAL NOTE: Promulgated by the Department of Transportation and Development, Office of Real Estate, LR 25:883 (May 199).

**§513. Contract for Appraisal Services**

A. The Contract for Appraisal Services is the form utilized by Louisiana Department of Transportation and Development in obtaining the services of Fee Appraisers on a given project. The contract sets forth the requirements for each appraisal requested and sets a completion date by which the assignment must be submitted. The contract binds the Louisiana Department of Transportation and Development and the Fee Appraiser until such time as the assignment is complete or the

contract has been terminated. However, work on a contract should not begin until a "Letter of Authorization" is received instructing the appraiser to begin.

- B. The appraiser should examine the agreement in detail and should be particularly aware of the time element established within the contract. The Louisiana Department of Transportation and Development operates its construction program according to a schedule of contract letting and the appraiser's failure to meet the time requirement of the contract will damage the overall completion of a project.

AUTHORITY NOTE: Promulgated in accordance with R.S. 48:443.

HISTORICAL NOTE: Promulgated by the Department of Transportation and Development, Office of Real Estate, LR 25:883 (May 1999).

### **§515. Contract Extensions**

It is the policy of the Louisiana Department of Transportation and Development that contract completion dates shall not be extended past the original due date. However, while all due diligence should be taken to meet the contract requirements, it is sometimes necessary to extend a contract. Just cause must be documented by the appraiser and a letter of request must be presented to the Louisiana Department of Transportation and Development Appraisal Division with adequate lead time to process the request through the appropriate channels prior to the contract completion date. In the event that a completion date is not met and an extension has not been granted, the contract will be considered void. Payment cannot be made for outstanding appraisals. At the discretion of the Appraisal Division, it may become necessary to contract with another appraiser to complete the project assignment.



AUTHORITY NOTE: Promulgated in accordance with R.S. 48:443.

HISTORICAL NOTE: Promulgated by the Department of Transportation and Development, Office of Real Estate, LR 25:883 (May 1999).

**§517. Items Excluded from Appraisals**

- A. Typically, moving expenses of owners and tenants rightfully in possession of real estate are reimbursable in accordance with the Louisiana Relocation Assistance Law that provides for the reasonable expenses of moving personal property. The actual cost of moving expenses is provided by the Relocation Assistance Officer for use of the property owners or tenants, and is not determined by the appraiser. Therefore, no moving expenses for personal property should be included within the appraisal report under normal circumstances.
- B. The following items should be excluded from the appraisal report:
1. moving expenses for personal property;
  2. estimated costs of relocations; or
  3. adjustments or repairs of such items as public utilities, service connections for water, sewer, mobile homes, additions, etc., which will be caused by the required acquisition unless those costs are included within the Contract for Appraisal Services as "cost-to-cure" items.

AUTHORITY NOTE: Promulgated in accordance with R.S. 48:443.

HISTORICAL NOTE: Promulgated by the Department of Transportation and Development, Office of Real Estate, LR 25:884 (May 1999) LR 29.

## **§519.Appraisal Formats**

A. Appraisals are to be reported, in most cases, on Forms A, B or C.

B. All formats will include, in addition to the applicable pages listed within the individual formats; a Certificate of the Appraiser, verified comparable sales, improvements, floor plans and/or plot plans, flood maps, right-of-way maps provided by the Department, statement of limiting conditions, any references made during the report, a copy of the owner's notification letter and property inspection documentation.

AUTHORITY NOTE: Promulgated in accordance with R.S. 48:443.

HISTORICAL NOTE: Promulgated by the Department of Transportation and Development, Office of Real Estate, LR 25:884  
(May 1999).

## **§521. Interest Being Appraised**

The interest being appraised is full ownership, less mineral rights. Each appraisal will show an estimated value of the total interest held. No breakdown of individual interests, other than lease fee/leasehold interests, held in full ownership should be made, except as specifically instructed by the Department. However, servitude and/or similar encumbrances on properties being appraised should be investigated and reported within the appraisal report.

AUTHORITY NOTE: Promulgated in accordance with R.S. 48:443.

HISTORICAL NOTE: Promulgated by the Department of Transportation and Development, Office of Real Estate, LR 25:884  
(May 1999).

### **§533. Role of the Cost Consultant**

- A. If necessary, the Appraisal Division may procure the services of individuals other than appraisal experts. Those persons are usually "Building Cost Consultants". These consultants are trained and/or experienced in the construction industry, with knowledge of and access to construction costs and related areas of expertise. The consultant may be asked to provide such items as reproduction and replacement costs, "cost to cure" items damaged by the required acquisition, or costs for comparison purposes which would not be included within an appraisal report. The cost consultant provides a service to the appraiser and the Louisiana Department of Transportation and Development and provides costs, as requested, and in conjunction with all other consultants who will utilize the estimate. The cost consultant is answerable to the Project Review Appraiser, as well as to the appraiser(s) of record.
- B. The cost consultant is to work hand-in-hand with the appraiser and Review Appraiser. Although the cost consultant is the most qualified to judge construction costs, the appraiser is the person responsible for all values used within the appraisal report.
- C. The cost consultant is required to contact all property owners and offer them the opportunity to accompany the consultant during the property inspection. In the case of the cost consultant, it is absolutely necessary to inspect all improvements due to the nature of the assignment. Only in very rare situations would it be possible to complete a consultant assignment without, at least, a rudimentary inspection of improvements. This would only be acceptable when an owner refuses entrance upon the subject site or within the subject improvements.

- D. The responsibility for the use of a cost estimate, whether replacement cost, reproduction cost, "cost to cure", or other cost assignment belongs to the appraiser. It is absolutely necessary that the appraiser and the cost consultant work together. The cost consultant is responsible for the estimated costs if reproduction and replacement are issues.
- E. The cost consultant and the appraiser must agree on the factual data, such as the size of the improvement, location upon the site, and minor improvements. When a "cost to cure" is required, the cost consultant must provide a method of cure that is approved by both the appraiser and Review Appraiser in order for the assignment to be acceptable and for payment to be made. Therefore, the cost consultant and the appraiser(s) should inspect the subject property together, if possible, and confer and compare factual data and proposed cures prior to submission of the contracted estimate for review. The provided reports shall contain a breakdown of the components required in a reproduction, replacement or "cost to cure" estimate and shall quote a source of justification for said costs.
- F. The appraiser, who is ultimately responsible for the costs quoted within his/her report, will contact the Review Appraiser should a provided cost estimate not be suitable for inclusion within an appraisal report. However, the Review Appraiser should have made a determination prior to receipt of said report by the appraiser. The Review Appraiser will then contact the consultant and discuss the situation and the appraiser's concerns. Should it be found that revision is warranted, the cost consultant will be responsible for that revision. Payment for services rendered will be withheld until such time as acceptable revisions or corrections are submitted.

AUTHORITY NOTE: Promulgated in accordance with R.S. 48:443.

HISTORICAL NOTE: Promulgated by the Department of Transportation and Development, Office of Real Estate, LR 25:886 (May 1999).

**§537. Property Inspection with the Owner(s)**

- A. Reasonable effort shall be made to contact and meet with the owners or their designated representatives in order to afford them the opportunity to accompany the on inspection of the property being appraised. The appraiser is not obligated to meet the owner at any place other than the property being appraised or the nearest point of public access to the property being appraised.
- B. Tasks for the Appraiser to Perform in Making Contact with the Owner(s)
  - 1. Mail a form letter along with a stamped, addressed return envelope. All owners listed on provided Title Research Reports are to be afforded an opportunity to meet. A copy must be forwarded to the District Real Estate Manager, the Project Review Appraiser and must be included within the report. It is recommended that the letter to the owners be transmitted by certified mail.
  - 2. Telephone contact is acceptable if it is followed by a detailed written report of owner contact, including the name of the person(s) contacted, time of meeting, and date. Copies must be sent to the Project Review Appraiser, the District Real Estate Manager and must be included within the appraisal report.
- C. The site inspection shall not be made until the following criteria are met:
  - 1) A meeting is scheduled with the owner(s) or;
  - 2) The owner(s) replies that he/she/they do not wish to accompany the appraiser on the site inspection or;

- 3) Three weeks have passed since the date of the notification letter mailing to the owner(s), there is no reply, and the letter is not returned "undeliverable".
  - 4) The appraiser shall remain obligated to meet with the owner(s) for an additional three weeks following the mailing of the notification letter if two separate written attempts have been made to contact the owner(s) at the address(es) furnished by the Louisiana Department of Transportation and Development and both letters are returned marked "undeliverable". After that time has elapsed, the appraiser is relieved of his obligation to meet with the owner(s).
- E. The appraiser will notify the District Real Estate Manager and the Project Review Appraiser of any undeliverable notification letters within a period of five working days. The District Real Estate Manager will then have 15 working days from the notification by the appraiser to reply to the appraiser's request for any supplemental address data. The appraiser is to send a second owner notification letter if additional data is furnished by the District Office.
- F. The meeting with the owner shall be on or near the property to be inspected, unless the appraiser agrees to meet elsewhere. The appraiser will inspect the property to be appraised and make every effort to meet with the owner(s) at a time that is convenient to the owner and reasonable for all parties involved. At the time of the scheduled meeting, the inspections should be completed, if possible. If the owner(s) fails to meet with the appraiser as scheduled, the appraiser will be obligated to set up a second meeting with the owner(s) and meet "after the fact". If the owner(s) does not meet with the appraiser for the second scheduled appointment, the appraiser is no longer obligated to meet with the owner.

- G. The appraiser shall document any owner contact and site inspections and will make that documentation a part of the appraisal report within the addenda. Also, a photocopy of the notification letter to and from the owner(s) will be included within the addenda of the appraisal report. Name, date, time, telephone number and subject of the contact should document telephone contacts made with the owner(s). These items will also be included within the addenda along with the site inspection report that includes persons present, place, time and date.
- H. In the appraisal of commercial or industrial properties under long-term lease, the lessee should also be afforded the opportunity to accompany the appraiser during his inspection of the property.
- I. The appraiser shall go upon the property and into the buildings and interview the property owner, tenant or authorized representative and make an appraisal in accordance with the requirements of the Louisiana Department. The property owner must be given opportunity to offer his/her input, information and opinion.

AUTHORITY NOTE: Promulgated in accordance with R.S. 48:443.

HISTORICAL NOTE: Promulgated by the Department of Transportation and Development, Office of Real Estate, LR 25:887  
(May 1999).

### **§539.Completeness of Appraisal and Appraisal Reports**

- A. The investigation is to be thorough and the appraisal report is to furnish adequate and reasonable information that fully explains and justifies determinations contained within the appraisal report.
- B. The appraiser must complete all applicable appraisal criteria in accordance with the Louisiana Department of Transportation and

Development requirements and requirements of the "Uniform Standards of Professional Appraisal Practice", as set forth in the Agreement for Appraisal Services. Any departure shall require full justification.

- C. Most of the fee appraisal work required by the Department of Transportation and Development involves properties required for projects in which federal funds are utilized. Therefore, all reports must meet Departmental and Federal Highway Administration (FHWA) requirements for each project assigned.

AUTHORITY NOTE: Promulgated in accordance with R.S. 48:443.

HISTORICAL NOTE: Promulgated by the Department of Transportation and Development, Office of Real Estate, LR 25:888 (May 1999).

#### **§541. Establishment and Payment of Fees**

- A. Appraisal fees shall be established by the Project Review Appraiser based upon a fee estimate compiled during on-site inspection of the subject project. Concurrence will be obtained from the appraiser prior to submission of a Contract for Appraisal Services. The fee schedule will be contained within the Contract for Appraisal Services and will delineate between the fee for individual reports and the total contract fee established for the subject project.
- B. Invoices submitted by the appraiser shall consist of three copies. Each shall include the date, state project number, federal aid project number (if applicable), project title, route number and parish. Also required within the invoice will be the contracted fee for each report



submitted for disposition, a statement that payment has not been received for the submitted invoice and the appraiser's signature.

- C. The Louisiana Department of Transportation and Development Appraisal Division will not process any invoice submitted by an appraiser for personal services rendered the Louisiana Department of Transportation and Development unless the fee has been previously established by written contract, approved by all necessary parties, and authorization to proceed has been forwarded to the consultant. Invoices may not be dated or forwarded to the Louisiana Department of Transportation and Development prior to the authorization date established within the Authorization to Proceed form letter submitted to the appraiser by the Louisiana Department of Transportation and Development Real Estate Director.
- D. In addition, no invoice will be paid prior to approval by the Project Review Appraiser of the individual reports submitted. The reports must be found satisfactory and in conformance with the requirements of the Louisiana Department, as stated within the Contract for Appraisal Services and the Agreement for Appraisal Services. Any individual report found not to meet the necessary requirements as set forth shall be corrected by the appraiser to the satisfaction of the Project Review Appraiser prior to payment of the agreed upon fee for that particular project. No payment will be made for reports submitted following the contracted assignment completion date. At that point, the contract is voided and a new contract must be approved and authorization must be received through the established channels prior to payment.

AUTHORITY NOTE: Promulgated in accordance with R.S. 48:443.

HISTORICAL NOTE: Promulgated by the Department of Transportation and Development, Office of Real Estate, LR 25:888 (May 1999).

**§543. Update of Appraisals**

- A. It may become necessary for the appraiser to update appraisals from the original date of valuation to the current date or to a specified date of acquisition. If this should become necessary, the Project Review Appraiser will initiate a contract specifying the required date of valuation, the fee schedule and the completion date for the assignment. All contracts to update shall refer to a specific completion date in order to give ample time for the appraisals to be reviewed by the Project Review Appraiser prior to negotiations.
- B. All updated appraisals in which there are value changes by reason of time lapse shall be supported by updated comparable sales data gathered within the project neighborhood. If sufficient sales data is not available within the subject neighborhood, the appraiser should investigate similar type properties in more removed areas as support for updated values.
- C. Updated appraisals shall be submitted to the Appraisal Division for review and, if warranted, a revised Fair Market Value Estimate will be issued by Louisiana Department of Transportation and Development for the purpose of negotiation and acquisition. When the appraiser is required to revise, supplement or otherwise update the appraisal report, regardless of the format employed, a revised or updated "Certificate of Appraiser" shall be submitted with the revisions or updates.

AUTHORITY NOTE: Promulgated in accordance with R.S. 48:443.

HISTORICAL NOTE: Promulgated by the Department of Transportation and Development, Office of Real Estate, LR 25:888 (May 1999).

#### **§545. Contract for Appraisal Services**

- A. Upon the receipt of approved right-of-way plans, the assigned Project Review Appraiser will make an on-site inspection and examination of each parcel on the project. Based upon that inspection, the Review Appraiser will determine which appraisal format shall be necessary for each parcel or parcels based upon the complexity of the appraisal problem. That determination will include:
  - 1. The number of appraisals;
  - 2. The format of appraisals;
  - 3. The estimated fees;
  - 4. The estimated appraisal contract completion date.
- B. The Contract for Appraisal Services will include the parcel number, fee and the format for each appraisal to be made.

AUTHORITY NOTE: Promulgated in accordance with R.S. 48:443.

HISTORICAL NOTE: Promulgated by the Department of Transportation and Development, Office of Real Estate, LR 25:889 (May 1999).

#### **§547. Form A**

- A. This form is designed for a complete, detailed appraisal of an entire ownership, including all land and improvements, using all applicable approaches. In effect, this is two separate appraisals. The "before the acquisition" and "after the

acquisition" appraisals pertain to partial acquisitions only. Each segment, "before and after", is to be completed in detail and separately. All approaches to value are to be utilized in detail when applicable.

C. All pages from the title page to the required exhibits shall be included in the report. At the discretion of the appraiser, additional pages may be included. The following pages are required.

1. "Before Acquisition" Analysis

- a. Title Page
- b. Table of Contents
- c. Letter of Transmittal
- d. Summary of Salient Facts and Conclusions
- e. Basis for Summary of Fair Market Value
- f. Title Data
- g. Discussion of the Appraisal Problem
- h. Photos of the Subject Property
- i. Neighborhood Data
- j. Site Data
- k. Statement of Highest and Best Use
  1. Comparable Land Sales and Listings Analysis
- m. Correlation and Indication of Land Value
- n. Improvements
- o. Floor Plan .
- p. Market Data Approach to Value
- q. Income Data Approach to Value
- r. Cost Data Approach to Value
- s. Source and Justification of the Cost Approach

t. Correlation of the Whole Property Value and  
**Allocation of Value**

u. Required Right-of-Way

2. "After Acquisition" Analysis

a. Site Data

b. Statement of Highest and Best Use

c. Comparable Land Sales and Listings Analysis

d. Correlation and Indication of Land Value

e. Improvements

f. Floor Plan

g. Market Data Approach to Value

h. Income Data Approach

i. Cost Data Approach

j. Source and Justification of the Cost Approach

k. Correlation of the After Value and Allocation of Value

l. Analysis of Other Economic Considerations

m. Final Estimate of Value

n. Certificate of the Appraiser

o. Addenda

i. Assumptions and Limiting Conditions

ii. Vicinity, Strip and Remainder Maps

iii. Property Inspection Report

iv. Owner Notification Letter

v. Firm Maps

vi. Others at the discretion of the appraiser

AUTHORITY NOTE: Promulgated in accordance with R.S. 48:443.

HISTORICAL NOTE: Promulgated by the Department of Transportation

and Development, Office of Real Estate, LR 25:889 (May 1999). Amended LR 29

### **§549. Form B**

- A. This form is designed as a complete, detailed appraisal of an entire ownership, including all land and improvements, using all applicable approaches, unless instructed to do otherwise by the Project Review Appraiser. This format is utilized most often to value an ownership that will be totally within a required area.
- B. The following pages shall be required within the form. Other pages may be included at the discretion of the appraiser.
1. Title Page
  2. Table of Contents
  3. Letter of Transmittal
  4. Summary of Salient Facts and Conclusions
  5. Basis for summary of Fair Market Value
  6. Title Data
  7. Discussion of the Appraisal Problem
  8. Photos of the Subject Property
  9. Neighborhood Data
  10. Site Data
  11. Statement of Highest and Best Use
  12. Comparable Land Sales and Listings Analysis
  13. Correlation and Indication of Land Value Improvements Floor Plan
  14. Market Data Approach to Value
  15. Income Data Approach to Value
  16. Cost Data Approach to Value

17. Source and Justification of the Cost Approach
18. Correlation of the Whole Property Value and Allocation of Value
19. Required Right-of-Way
20. Analysis of Other Economic Considerations
21. Final Estimate of Value
22. Certificate of the Appraiser
23. Addenda
  - a. Assumptions and Limiting Conditions
  - b. Vicinity, Strip and Remainder Maps
  - c. Property Inspection Report
  - d. Owner Notification Letter
  - e. Flood Insurance Rating Maps
  - f. Others at the discretion of the appraiser

AUTHORITY NOTE: Promulgated in accordance with R.S 48:443.

HISTORICAL NOTE: Promulgated by the Department of Transportation and Development, Office of Real Estate, LR 25:889 (May 1999). Amended LR 29

### **§551. Form C**

- A. This form is designed to be used only for simple acquisitions. The form does not require detailed discussions of the items listed, but the determinations made by the appraiser must be conclusive and based upon market support.
- B. If, during the appraisal assignment, the appraiser finds that there are damages or benefits to the ownership by reason of the project, the appraiser is not to proceed with Form C but is to notify the Project Review Appraiser. The Review Appraiser will then decide which

form to utilize and will amend the appraisal contract to reflect those changes by format and fee schedule. Furthermore, when utilizing this form, it will be necessary for the appraiser to include the following statement within the body of the Certificate: "No damages or loss to the remainder of the owner's property resulted from this partial acquisition, therefore, pursuant to R.S. 48:453(B), no 'after appraisal' is required."

C. The following pages are to be included within the report and may include others, within the discretion of the appraiser.

1. Title Page
2. Table of Contents
3. Letter of Transmittal
4. Summary of Salient Facts and Conclusions
5. Basis for Summary of Fair Market Value
6. Title Data
7. Photos of the Subject Property
8. Neighborhood Data
9. Site Data
10. Statement of Highest and Best Use
11. Comparable Land Sales and Analysis
12. Correlation of Land Value
13. Required Right-of-Way
14. Analysis of Other Economic Considerations
15. Certificate of the Appraiser
16. Addenda
  - a. Assumptions and Limiting Conditions
  - b. Vicinity, Strip and Remainder Maps



- c. Property Inspection Report
- d. Owner Notification Letter
- e. Flood Insurance Rating Maps
- f. Others at the discretion of the appraiser

AUTHORITY NOTE: Promulgated in accordance with R.S. 48:443.

HISTORICAL NOTE: Promulgated by the Department of Transportation and Development, Office of Real Estate, LR 25:890 (May 1999). Amended LR 29

### **§555. Court Testimony**

A new contract will be executed in accordance with the instructions of the Louisiana Department of Transportation and Development Attorney for the purpose of trial testimony. Any change in the original appraisal premise or appraisal format will require the written approval of both the Louisiana Department of Transportation and Development Real Estate Director, or his designee, and the General Counsel of the Louisiana Department of Transportation and Development Legal Division, or his designee. Any change in the estimated value of the subject property from the original valuation date will be justified in complete detail and documented within the appraisal report.

AUTHORITY NOTE: Promulgated in accordance with R.S. 48:443.

HISTORICAL NOTE: Promulgated by the Department of Transportation and Development, Office of Real Estate, LR 25:890 (May 1999).

### **§557. Right-of-Way Cost Estimates**

A. It may become necessary to provide a Contract for Appraisal Services to an appraiser for the completion of a right-of-way cost estimate. These

cost estimates are written estimates of the cost of acquiring right-of-way, including land, improvements, servitudes, damages and any contingencies for a proposed project. These cost estimates are handled on a "total project" basis and not by individual parcels, as is normally the case with an appraisal assignment. The degree of accuracy and the amount of supporting data required within the estimate will depend upon the amount of time that the appraiser has to complete the estimate and the amount of supporting data at his disposal.

- B. The purpose of a right-of-way cost estimate is to provide a basis for decisions on the location of a proposed highway project and to provide a basis for allocation of funds for a future project.
- C. The contract procedure for right-of-way cost estimates will be the same procedure as that for the appraisal contract. The Project Review Appraiser will issue the contract for the project and will be responsible for satisfactory completion of the assignment.
- D. The appraiser is to determine what steps are necessary to complete the cost estimate. Due to varying degrees of accuracy required and the varying amounts of lead time in which the appraiser will have to complete the estimate, no attempt should be made to explain the possibilities, techniques or methods of the procedure used. However, it is desirable to maintain a file of support data for future reference.
- E. The Certificate of the Appraiser and other appraisal forms are not required for right-of-way cost estimates. However, the appraiser should compile his/her data in an orderly fashion complete with a summary page containing the components of the estimate.

AUTHORITY NOTE: Promulgated in accordance with R.S. 48:443.

HISTORICAL NOTE: Promulgated by the Department of Transportation and Development, Office of Real Estate, LR 25:891 (May 1999).

### **§569. Control of Access**

A. Within the Contract for Appraisal Services, the Project Review Appraiser will instruct the appraiser concerning the proper appraisal format to use in order to value the ownership affected by "control of access". The appraiser, in most circumstances, will analyze the effects of "control of access" after the acquisition in the same way that he analyzes any "before and after" appraisal problem. A full analysis, with all due documentation as to findings, shall be included within the report.

B. All due diligence will be taken in consideration of the possible or probable use of a remainder that is influenced by its control of access". The appraiser should acquaint himself fully with the rights of the Louisiana Department of Transportation and Development and the rights of the owner concerning access control. In instances in which the Department of Transportation and Development exercises control of access, a legal determination as to the compensability or non-compensability must be made. The appraiser should consult with the Louisiana Department of Transportation and Development through the Review Appraiser, Project Engineers, District Managers, and the Legal Division.

AUTHORITY NOTE: Promulgated in accordance with R.S. 48:443.

HISTORICAL NOTE: Promulgated by the Department of Transportation and Development Office of Real Estate, LR 25:893 (May 1999).

### **§571. Owner's Refusal to Permit Entry**

A. There may be times when a property owner refuses to permit appraisers

employed by Louisiana Department of Transportation and Development to enter the property for an on-site inspection, measurement, photography or interview. In such cases, the following procedure applies.

- B. The appraiser should not enter the property, but should make every effort to examine the property from as many vantage points as possible. The appraiser shall make a careful inspection of all available records including ASCS maps and aerial photographs, U.S. Geodetic Survey contour maps, tax records, building inspector records, etc. As many and varied photos should be taken as deemed prudent.
- C. As a matter of procedure, the appraiser will notify the Project Review Appraiser of the situation and clearly set forth that he/she was not permitted to enter upon the property and that the report is predicated upon certain assumptions. Those assumptions shall be noted. Also to be listed will be the sources of information used as a basis for those assumptions.
- D. When the appraisal report is forwarded to the Appraisal Division for review, a determination will be made by the Project Review Appraiser as to whether or not to pursue legal action to obtain access to the property. The Project Review Appraiser will make every effort to inspect the property from any vantage point possible prior to forwarding a recommendation of action.
- E. When the appraisal is approved and the recommended offer is furnished for processing, negotiation will be initiated on that basis. The Real Estate Titles and Acquisition Agent conducting the negotiations will make every reasonable effort to observe the property in question for the purpose of further verification of the appraiser's assumptions. If radical variation appears to exist, the Appraisal Division will be advised before continuing the negotiations. If the recommended offer is not accepted, eminent

domain proceedings will commence and entry by court order will be obtained at that time.

AUTHORITY NOTE: Promulgated in accordance with R.S. 48:443.

HISTORICAL NOTE: Promulgated by the Department of Transportation and Development Office of Real Estate, LR 25:893 (May 1999).

### **§573. Lease Interests**

- A. The Appraiser is to inquire concerning leases of subject properties whenever that possibility exists. That inquiry most particularly applies to improvements owned by a lessee. The Appraiser will make a review of a lease so that he/she is familiar with the terms and conditions of the lease. Any findings or conclusions shall be included within the appraisal report.
- B. The appraiser is to value the whole property and is to establish the value to be assigned to each interest in that ownership. The appraiser is to value all lease fee and leasehold interests and is to provide a breakdown of those values within the appraisal report. The appraiser is to include the portion acquired and estimated damages, should they apply.
- C. In situations in which a lease is recorded, that information will be supplied within the provided Title Research Report. Discovery of unrecorded leases are the responsibility of the appraiser. The appraiser shall inquire as to the existence of such leases and shall provide an opportunity for such disclosure to the property owner within the required Owner Notification Letter.

AUTHORITY NOTE: Promulgated in accordance with R.S. 48:443.

HISTORICAL NOTE: Promulgated by the Department of Transportation and Development Office, of Real Estate, LR 25:893 (May 1999).

## **§575. Fencing Value**

Front fencing owned by the property owner is to either be bought, rebuilt or replaced if it is of contributory value to the land. Front fencing will normally be replaced or rebuilt by the project construction contractor on the owner's property in order to restore the enclosure.

- A. Side (cross) fencing will be removed and will not be replaced. Compensation will be paid for said fencing. All fencing, whether front or side, is to be valued within the report and delineated by parcel and orientation.
- B. Fencing used for other than the containment of livestock will be rebuilt or replaced unless the right-of-way is acquired by negotiations and the property owner requests payment for the contributory value estimated. If the right-of-way is acquired by expropriation, the value is deposited in the registry of the court. In either instance, the project construction contractor will remove the existing fence.
- C. All fences constructed on controlled access highways for the purpose of controlling access will be built and maintained by Louisiana Department. Fences built along frontage roads or cross roads on controlled access facilities for the benefit of the property owner will be built off the highway right-of-way and will be maintained by the property owner.

AUTHORITY NOTE: Promulgated in accordance with R.S. 48:443.

HISTORICAL NOTE: Promulgated by the Department of Transportation and Development, Office of Real Estate, LR 25:894 (May 1999).

### **§577. Servitude**

- A. There are two types of servitudes commonly encountered by the appraiser that must be included in the valuation process of the appraisal. They are the "construction" servitude and the "drainage" servitude.
- B. The "construction servitude" is a temporary servitude providing access for construction purposes to areas outside the required right-of-way. The compensation for this servitude is based upon the estimated unit land value multiplied by a rate set by the appraiser. The area within the servitude then multiplies that figure. The rate utilized is a rate of return that is consistent with investment return rates commonly accepted within the current local market. The appraiser is to apply the calculated estimate on a yearly basis as a rental. That rental is to be included within the estimate of the just compensation.
- C. The "drainage servitude" is a permanent servitude acquiring a number of rights. The acquisition partially includes right-of-entry and subsurface rights other than mineral rights. The ownership is greatly limited by the nature of the usage, and compensation will be greater than that estimated for the construction servitude. The process of calculation is identical to that of the construction servitude, however, the rate utilized will be based on the permanent loss of rights. Generally, 80 percent to 90 percent rates will be used. Ultimately, the appraiser will decide upon the value of the rights taken and to what extent they will be permanently lost. This value will be included within the estimate of the just compensation. In circumstances where a remaining area of an ownership is damaged due to a partial acquisition, estimated damages to any permanent servitude will apply only to that portion of the bundle of rights that remain after the acquisition of the rights required of the servitude.

AUTHORITY NOTE: Promulgated in accordance with R.S. 48:443.

HISTORICAL NOTE: Promulgated by the Department of Transportation and Development, Office of Real Estate, LR 25:894 (May 1999).

**§579. Railroad Parcel Acquisition**

- A. The Louisiana Department of Transportation and Development will pay the appraised market value of the interest acquired from railroad companies for any additional right-of-way required from their right-of-way property.
- B. Railroad parcels will be divided into two categories. One will be designated an "RR" parcel at railroad crossings. Any other takings from railroad properties will have a normal parcel identification for which the Department of Transportation and Development will offer the estimated market value for interest acquired. Louisiana Department of Transportation and Development will acquire the "RR" parcels as right-of-way servitudes with the railroad company retaining its rights for railroad passage at the Department's proposed joint crossings. Designation and appraisal of the railroad acquisition at crossings as servitudes is to allow the compensation for only those rights acquired. Only those rights acquired should be compensated for within the appraisal.
- C. The Louisiana Department of Transportation and Development Appraisal Division is responsible for establishing the value of the various types of railroad acquisitions. The appraisal of railroad properties is based on market value and the interest acquired from the railroad companies. The appraiser should take into consideration the following:
  - 1. Size and shape of the railroad ownership;
  - 2. Topography;
  - 3. Location;



4. Adjoining usage;
5. Value of the required area before construction versus value after construction; and
6. Any adverse effect that the acquisition will have on the utility of the property.

D. The types of acquisitions from railroad properties will be appraised as follows.

1. At crossings, the Louisiana Department of Transportation and Development will obtain a bundle of rights similar to the rights which the railroad company will be retaining. In most cases, the appraisal of a right-of-way crossing should reflect a value range of zero to a maximum of 50 percent of fair market value. However, the actual percentage of value will be estimated by the appraiser. The type of construction at crossings could have a varying effect upon the percentage utilized. The different types of construction at crossings are as follows:
  - a. Grade crossings are those where railroad tracks and proposed roadways are at the same level. This type of construction could have the greatest effect upon the utility of the property.
  - b. Above grade construction or an overpass should have little effect on the utility. However, consideration should be given to pier placement and its adverse effects, if any, on the railroad property.
  - c. Below grade construction or an underpass is the third type of possible construction at crossings.
2. All other acquisitions from railroad right-of-way in excess of crossings shall be appraised and the estimated market value will be offered in relation to the interest that the Louisiana Department of Transportation and Development acquires. In most cases, the Louisiana Department of

Transportation and Development will appraise and offer 100 percent of market value. However, in the case of servitude acquisition, the Louisiana Department of Transportation and Development will offer compensation in accordance with the interest estimated to be acquired by the appraiser.

AUTHORITY NOTE: Promulgated in accordance with R.S. 48:443.

HISTORICAL NOTE: Promulgated by the Department of Transportation and Development, Office of Real Estate, LR 25:894 (May 1999).

Kam K. Movassaghi, Ph.D., P.E.

Secretary